

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

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For Immediate Release

NEWS RELEASE SUMMARY - April 11, 2005

United States Attorney Carol C. Lam announced that Richard Robert Matthews, Jr., pled guilty in federal district court in San Diego today to a felony Information charging him with mail fraud. Matthews entered his guilty plea today before United States District Judge Jeffrey T. Miller. As part of the plea, Matthews admitted that he devised a scheme to defraud members of the public into investing money in the Pinnacle Capital Fund, a foreign currency trading fund purportedly operated by White Pine Trust Corporation ("White Pine"), a company formed by Matthews in 2000. Matthews also admitted that he falsely represented to investors that White Pine had been managing private assets through the Pinnacle Capital Fund since 1995, that the Pinnacle Capital Fund had yielded net, double-digit profits on investments for each year since 1995, and that White Pine would only charge an investor a fee if White Pine made money for the investor. Matthews further admitted that he made these false representations despite knowing that, in fact, White Pine did not begin managing assets through the Pinnacle Capital Fund until the year 2000 and that the Pinnacle Capital Fund never actually yielded any net, yearly profits. Matthews also admitted that the Pinnacle Capital

Fund's advertised performance record was fictitious and that White Pine mailed monthly account statements to investors reporting fictitious trading results.

The Information to which Matthews pled guilty included allegations that White Pine received approximately \$22,000,000 in investments into the Pinnacle Capital Fund. As part of his plea, Matthews admitted that he withdrew and expended millions of dollars of investor funds.

According to Assistant United States Attorney William Cole, who is prosecuting the case, Matthews faces a maximum of 20 years in prison. As part of the plea, Matthews also agreed to pay over \$15,329,000.00 in restitution to victims of his scheme across the United States and abroad.

United States Attorney Lam said, "Unfortunately, a lot of people lost a lot of money in this scheme. As the old adage goes, 'If it sounds too good to be true, it probably is.'"

Judge Miller accepted Matthews' guilty plea and scheduled his sentencing for June 27, 2005 at 9:00 a.m.

DEFENDANT

Criminal Case No. 04-CR-3162-JM

Richard Robert Matthews, Jr.

SUMMARY OF CHARGES

Title 18, United States Code, Section 1341 and Title 18, United States Code, Section 2 -
Mail Fraud and Aiding and Abetting

Maximum penalties: A maximum of 20 years in prison; a maximum fine equal to twice the gross loss caused to persons by the offense; and a maximum of three years of supervised release.

PARTICIPATING AGENCIES

Federal Bureau of Investigation
United States Department of Homeland Security, Immigration and Customs Enforcement
Commodity Futures Trading Commission